

Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming Federal Budget

By Child Care Now (Child Care Advocacy Association of Canada)

August 4, 2023

Recommendations

We respectfully request the House of Commons Standing Committee on Finance to recommend in its report on the 2024 budget that the Government of Canada build on its existing ambitious early learning and child care funding commitments by allocating:

- (a) \$10 billion over three years, starting in 2024-2025, to cover the capital costs associated with increasing the availability of licensed not-for-profit and public early learning and child care programs to meet increased demand, and
- (b) Add \$7 billion over three years, starting in 2024-25, to the federal transfers to the provinces and territories under the Canada-Wide Early Learning and Child Care Agreements to support full implementation of competitive and equitable wage grids for early childhood educators and other staff in each jurisdiction, along with improved benefits and working conditions.

Further, we call on all governments to ensure that First Nations, Métis and Inuit rights and jurisdiction are respected throughout the childcare system-building transformation, as detailed in both the Indigenous Early Learning and Child Care Frameworks and the Canada-Wide Agreements on Early Learning and Child Care.

Child Care Now (legally known as the Child Care Advocacy Association of Canada) was founded forty years ago as the Canadian Day Care Advocacy Association to act on behalf of organizations and individuals who want high quality, affordable, and inclusive early learning and child care to be available for all families, and all children, regardless of where they live, and regardless of their social and economic circumstances.

For decades we called on the federal government to take the lead in developing a fully publicly funded and publicly managed Canada-wide system of early learning and child care. Drawing on years of compelling research and the lived expertise of families and early childhood educators, we have made numerous evidence-based policy and funding recommendations to all levels of government, explaining how to build a high quality, universally available and affordable system that will bring multiple social and economic benefits to our country.

We congratulate the federal Liberal government for setting out in its 2021 budget a plan to reduce parent fees for regulated child care in Canada to an average of \$10 a day, and to increase the supply of not-for-profit and public child care by 250,000 spaces by March 31, 2026. The budget stated: “The current system is leaving too many children and families behind, particularly low-income and racialized families. Every child deserves a fair start.”

The 2021 federal budget committed \$30 billion over five years (2021-22 to 2025-26) to [build](#) the foundation of a primarily not-for-profit and public Canada-wide early learning and child care (ELCC) system and to finance implementation of an Indigenous Early Learning and Child Care Framework. The federal government reached ELCC funding agreements with each of the provinces and territories by March 2022. Each funding agreement, with the exception of the asymmetrical agreement with the government of Quebec, was accompanied by an action plan committing both levels of government to meet specified targets with respect to affordability and access to high quality, inclusive, licensed early learning and child care.

Most of the federal transfers to the provinces since 2021-2022 have been used to reduce parent fees for licensed child care. This has made life more affordable for those families who access licensed child care and has contributed to a significant increase in the labour force participation of women with children under the age of six (*TD Canada, the [Space Between Us](#)*).

Importantly, the federally funded fee reductions also mean that for the first time in history, public funding has replaced private (parent) funding as a principal source of revenue for licensed child care service providers. This has created a foundation for system-building that, with additional public funding, will support improvements in

the quality of child care programs without a corresponding increase in the price for parents, a marked departure from what has been the reality in most of the country until now.

Predictably, parent fee reductions have increased parental demand for licensed programs. Without a publicly planned and publicly funded approach to ELCC, Canada has always suffered a shortage of licensed programs. Today, waitlists are even longer as more parents seek, often desperately, the more affordable licensed child care that has been promised by governments. Taking into account the number of new licensed child care spaces that the federal/provincial/territorial funding agreements commit to creating, the gap between demand and supply is estimated at somewhere between 243,000 to 315,000 spaces for children under the age of six by 2026 (*TD Canada, the [Space Between Us](#)*).

It is imperative that the federal government focus on increasing the availability of licensed ELCC to support mothers' economic security and Canada's economy, and to do so in a way that ensures the well-being of children by improving quality. The key to success is to ramp up federal support for the construction of not-for-profit and public early learning and child care programs, and to invest in the ELCC workforce.

We estimate the average national cost of putting in a new licensed space (not including land purchase) to be a minimum of \$50,000. Depending on the age group and, of course, location, costs can be double that. The federal government's [\\$625 million Early Learning and Child Care Infrastructure Fund](#) created through the 2022 federal budget is insufficient to finance the narrowing of the gap between demand and supply. And there are no incentives (or requirements) set out in the federal/provincial/territorial agreements to encourage provincial/territorial spending on new or repurposed child care facilities.

We call for an Early Learning and Child Care Infrastructure Fund of \$10 billion to be spent over the next three years (2024-25 to 2027-28) to support the start of a planned expansion of not-for-profit and public early learning and child care.

We also call for \$7 billion in additional federal funding over the same three-year fiscal period to support a significant increase in educator compensation, including a contribution towards improved benefits. This compensation recommendation is based on a high-level estimate developed from existing publicly reported data on licensed spaces and educators' employment income.

TD Canada estimates that between 32,000 and 105,000 additional early childhood educators will be required to staff the new programs needed to eliminate the gap between demand and supply (*TD Canada, the [Space Between Us](#)*). Yet at the

present time, we cannot retain those qualified early childhood educators already employed in the sector because of low wages, inadequate benefits, and very difficult working conditions. While all governments acknowledge the critical shortage of qualified educators, and many have taken some steps to address them, the measures taken to date are insufficient, particularly given high inflation and the highly competitive labour market. If the compensation and working conditions in early learning and child care are not significantly improved, efforts to recruit and train more educators to replace those who leave or to staff new programs will prove fruitless. We know that graduates often choose to work in higher-paid sectors of the economy.

In putting forward our recommendations for additional federal funding for early learning and child care we further call on all governments to ensure that First Nations, Métis and Inuit rights and jurisdiction are respected throughout the child care system-building transformation, as detailed in both the Indigenous Early Learning and Child Care Frameworks and the Canada-Wide Agreements on Early Learning and Child Care.

In June 2023, the House of Commons voted unanimously in support of Bill 35, *An Act Respecting Early Learning and Child Care in Canada*, at Third Reading. This ambitious legislation recognizes “the beneficial impact of early learning and child care on child development, on the well-being of children and of families, on gender equality, on the rights of women and their economic participation and prosperity and on Canada’s economy and social infrastructure.” ([Bill C-35, An Act Respecting Early Learning and Child Care in Canada](#)). The *Act* sets out the goal of establishing and maintaining a Canada-wide early learning and child care system “where families have access to affordable, inclusive and high quality early learning and child care programs and services regardless of where they live.” To realize this vision, for which all political parties represented in the House of Commons expressed support, it is necessary to expand the system significantly taking into account the considerable evidence about how high quality child care is achieved and to significantly expand support for the early childhood educators and other staff who are instrumental to the success and quality of the system.

(1433 words)